



In fall 2003, it is estimated that at least 250,000 prospective students were shut out of higher education due to rising tuition or cutbacks in admissions and course offerings. Mid-year restrictions on enrollment and transfer in some states could increase this number. In addition, many more students are accumulating substantially larger debt as a way to pay for the unpredictable and steep hikes in tuition.

Responding to the Crisis in College Opportunity

In 2003, many states reduced funding for higher education disproportionately to overall state funding cuts. Few would argue that higher education can or should be exempted from reductions required by state financial problems, but disproportionately large cuts in state higher education appropriations were the principal cause of the steep tuition increases and the rolling back of higher education opportunity. Reducing college opportunity is a short-term reaction that is counter to the nation's long-term need for greater numbers of highly educated citizens.

Last year the major burden of reductions in state higher education budgets was borne by students and families in the forms of reduced college opportunity, steep tuition increases, and increased debt. The highest priority for state budgets in 2004 should be to protect college access and affordability for students and families... In 2004, governors and legislators are on the front line.

In 2004, governors and legislators should recognize the long-term educational needs of the country and its citizens. They should give the highest priority to student opportunities to enroll in college and to complete college programs, including transfer from two-year to baccalaureate-granting public institutions. In 2003, states (directly or indirectly) and public colleges and universities replaced most lost state revenues by increasing tuition. The consequence was that the major burden of reductions in state higher education budgets was borne by students and families in the forms of reduced college opportunity, steep tuition increases, and increased debt. The highest priority for state budgets in 2004 should be to protect college access and affordability for students and families. Governors and legislators should deliberately and explicitly seek feasible alternatives to what has become an almost automatic shifting of state revenue shortfalls to students and families.

Ultimately, the long-term solution to financing higher education requires shared understandings among taxpayers and their elected representatives in local,

state, and federal governments, students and families, and colleges and universities. In 2004, however, governors and legislators are on the front line. While they must plan for long-term solutions, they must devise short-term strategies that prevent the further erosion of college opportunity.

Short-Term Recommendations (Emergency Measures) for Governors and Legislators

If the state must cut higher education funding in 2004...

- Do not cut higher education disproportionately to overall state funding cuts, as was the case in many states in fiscal year 2003.
- Do not make cuts in state appropriations to those colleges and universities that serve primarily students from low- to middle-income families.
- Temporarily freeze tuition at community colleges and public four-year colleges that serve predominantly low- to middle-income college students.
- Increase or at least maintain funding for need-based state financial aid programs, even if it means reallocating resources from colleges and universities.

- Increase tuition moderately at public research universities to the extent that the state can make a commensurate increase in need-based financial aid.

If the state can increase funding for higher education in 2004...

- Invest new state resources in institutions accommodating enrollment growth.
- Give funding for enrollment growth a higher priority than funding for inflation adjustments.
- Hold tuition increases to the rate of growth in family income in each state.
- Invest new resources in state need-based financial aid programs, even if this requires reallocation of state resources that support higher education.

To prepare for the nation's long-term needs, each state should...

- Begin a process to achieve major productivity increases in higher education—that is, maintain or decrease the costs of delivering high-quality education.
- Assure transfer opportunity to four-year colleges for all qualified community college students.
- Initiate a process to specify and implement long-term higher education goals that would increase college access and completion.

Principles to Guide Short-Term (Emergency) Decision-Making

Capacity: Provide a space for every eligible student to enroll in higher education.

Safety Net: Protect the higher education “safety net”—that is, low tuition at open access institutions and state need-based financial aid.

Transfer: Assure the transfer of qualified students from two- to four-year public colleges and universities.

Emergency Priorities: Establish policies to deal with the short-term emergency (the erosion of access and affordability for low- and middle-income families).

Differentiation: Consider differential policies (by sector/institution/region) to preserve access and affordability. In other words, do not treat all colleges/universities the same.

Unintended Consequences: Avoid short-term solutions that create structural dependencies that are not in the state's interest—for example, recruiting high percentages of out-of-state students for increases in revenue.

Statewide Policy: Establish and support statewide financial aid policy. The state cannot effectively delegate to colleges and universities its ultimate responsibility for adequate and equitable student financial assistance.

Interdependent Policies: Assure all state finance policies for 2004—those related to state higher education appropriations, tuition, and state financial aid—are consistent with these principles and priorities.

Conclusion:

Ultimately, state leaders must invest significant time and attention to plan for the future of higher education opportunity. No other entity—not the colleges and universities, not the students and the families—can effectively address these issues without the sustained attention of governors and legislators. While the federal government has a critical role in supporting higher education opportunity, the states have the principal responsibility and cannot expect a federal “bailout.” The strategies and principles recommended here are initial steps needed to stop the hemorrhaging of college access and affordability in 2004. In the long-term, new policies are needed to respond to the rapidly evolving global and technological marketplace. New policies can raise the educational attainment levels of the states and the nation by assuring college opportunity for all Americans who are qualified and motivated.

The need for governors and legislators to articulate new policies for higher education is an urgent one. This urgency is dictated by two factors.

■ *First*, state budgetary structures put higher education at a disadvantage as it competes for state support against other equally important public services. The current state economic difficulties differ from those of the past: Over the past twenty years, state support for higher education has increased. It has done so, however, through the “boom and bust” cycles that saw disproportionate cuts during fiscally difficult times and generous increases during prosperous times. The disproportionate cuts of 2003 follow this pattern, but a “boom” in 2004—or even the next decade—is unlikely to see the generous increases of past cycles. Few believe that state financial resources available in the late 1990s will return soon.

■ *Second*, current financial difficulties facing the states will likely dominate their agendas for the next few years. Over the long-term, the state and the nation face far greater challenges in the era of intensifying international economic competitiveness: the challenge of assuring educational opportunity for the nation's growing and diverse high school graduating classes; and, increasing the number of college-educated workers to replace retiring baby boomers. The “No Child Left Behind” principle must be expanded to “No Child or Adult Left Behind.” All Americans must share the task to realize this vision. But only governors and legislators have the authority and primary responsibility for making this vision a reality.

On October 26 and 27, 2003, the National Center for Public Policy and Higher Education assembled a small group of policy experts to address the condition of higher education as states approach the 2004 legislative sessions. The co-conveners were David Breneman, Dean of the Curry School of Education of the University of Virginia, who chaired the session, and Patrick Callan, President of the National Center. Participants were asked to identify the most critical issues facing the states in 2004 and recommend priorities and strategies.

The statement developed at the October meeting was revised after consultation with a national meeting of state legislators and review by the National Center's Board of Directors. The participants in the October meeting have continued to guide the development of the statement. However, “Responding to the Crisis in College Opportunity” is the responsibility of the National Center.

Participants in the meeting were:

Robert Atwell
President Emeritus
American Council on
Education

Paul E. Lingenfelter
Executive Director
State Higher Education
Executive Officers

David Breneman
Dean, Curry School
of Education
University of Virginia

David A. Longanecker
Executive Director
Western Interstate Commission
for Higher Education

Patrick Callan
President
National Center for
Public Policy and
Higher Education

Jaime Molera
President
J.A. Molera Consulting

Joni Finney
Vice President
National Center for
Public Policy and
Higher Education

Scott Pattison
Executive Director
National Association
of State Budget Officers

Heather Jack
Director of State
and Media Relations
National Center for
Public Policy and
Higher Education

Nancy Shulock
Executive Director
Institute for Higher Education
Leadership and Policy
California State University,
Sacramento

Dennis P. Jones
President
National Center for
Higher Education
Management Systems

Richard Wagner
Retired Executive Director
Illinois Board of
Higher Education

Jane Wellman
Senior Associate
Institute for Higher
Education Policy

The National Center for Public Policy and Higher Education

152 North Third Street, Suite 705
San Jose, California 95112
Telephone: 408.271.2699 ■ Fax: 408.271.2697

For additional copies, see our Web site at www.highereducation.org.